

Exhibit No. SEM-7
Docket UE-152253
Witness: Shelley E. McCoy

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PACIFIC POWER & LIGHT
COMPANY,

Respondent.

DOCKET UE-152253

PACIFIC POWER & LIGHT COMPANY

EXHIBIT OF SHELLEY E. MCCOY

Summary of Rebuttal Washington Results of Operations for the Test Period

April 2016

Rebuttal Revenue Requirement Adjustment Summary

The table below presents the Company's restating and pro forma ratemaking adjustments and their impact on net operating income (NOI), rate base, and the Washington revenue requirement.

Line No.	Adj. No.	A	B	C			D			E			F		
				NOI	Rate Base	Rev. Req.	NOI	Rate Base	Rev. Req.	NOI	Rate Base	Rev. Req.	Reference		
Unadjusted Washington Allocated Data (Per Books)				53,650,957	781,321,066	5,459,220	(SEM-8) Page 1.0								
1	3.1		Temperature Normalization	(571,522)	-	921,602	(SEM-8), Page 3.0 Total								
2	3.2		Revenue Normalizing	(5,477,991)	-	8,833,475	(SEM-8), Page 3.0 Total								
3	3.3		Effective Price Change	5,273,123	-	(8,503,117)	(SEM-8), Page 3.0 Total								
4	3.4		SO2 Emission Allowance Sales	1,855	(1,645)	(3,184)	(SEM-8), Page 3.0 Total								
5	3.5		Renewable Energy Credits	(288,402)	-	465,060	(SEM-8), Page 3.0 Total								
6	3.6		Wheeling Revenue	58,936	-	(95,036)	(SEM-8), Page 3.0 Total								
Tab 3 - Revenue - Subtotal				(1,004,003)	(1,645)	1,618,800									
9	4.1		Miscellaneous Expense & Revenue - REVISED	44,464	-	(71,701)	(SEM-8), Page 4.0 Total								
10	4.2		General Wage Increase - REVISED	(395,768)	-	638,191	(SEM-8), Page 4.0 Total								
11	4.3		Legal Expenses	65,657	-	(105,875)	(SEM-8), Page 4.0 Total								
12	4.4		Irrigation Load Control Program	1,650	-	(2,661)	(SEM-8), Page 4.0 Total								
13	4.5		Remove Non-Recurring Entries	(90,925)	-	146,620	(SEM-8), Page 4.0 Total								
14	4.6		DSM Expense Removal	7,496,439	-	(12,088,301)	(SEM-8), Page 4.0 Total								
15	4.7		Insurance Expense	(184,003)	-	296,712	(SEM-8), Page 4.0.1 Total								
16	4.8		Advertising	15	-	(24)	(SEM-8), Page 4.0.1 Total								
17	4.9		Memberships & Subscriptions - REVISED	7,166	-	(11,556)	(SEM-8), Page 4.0.1 Total								
18	4.10		Revenue-Sensitive/ Uncollectible Expense	(269,665)	-	434,845	(SEM-8), Page 4.0.1 Total								
19	4.11		Full Time Equivalent Reduction - NEW	542,591	-	(874,949)	(SEM-8), Page 4.0.1 Total								
Tab 4 - O&M - Subtotal				6,675,032	-	(11,638,699)									
22	5.1		Net Power Costs - Removal	4,882,290	-	(7,872,883)	(SEM-8), Page 5.0 Total								
23	5.2		Colstrip #3 Removal - REVISED	944,989	(7,809,780)	(2,443,163)	(SEM-8), Page 5.0 Total								
24	5.3		EIM Costs Removal - NEW	246,367	(1,226,330)	(541,635)	(SEM-8), Page 5.0 Total								
Tab 5 - NPC - Subtotal				6,073,646	(9,036,110)	(10,857,681)									
27	6.1		End-of-Period Plant Reserves	-	(15,072,680)	(1,774,286)	(SEM-8), Page 6.0 Total								
28	6.2		Annualization of Base Period Depr./Amort. Expense	(350,091)	214,125	589,741	(SEM-8), Page 6.0/6.0.1 Total								
29	6.3		Hydro Decommissioning	-	(160,400)	(18,882)	(SEM-8), Page 6.0.1 Total								
30	6.4		Accelerated Depreciation on Jim Bridger & Colstrip - REVISED	(6,607,865)	(4,150,878)	10,166,819	(SEM-8), Page 6.0.1 Total								
31	6.5		Retired Asset Depreciation Expense Removal - NEW	104,104	297,696	(132,828)									
Tab 6 - Depreciation/Amortization - Subtotal				(6,853,852)	(18,872,137)	8,830,564									
34	7.1		Interest True Up - REVISED	251,566	-	(405,660)	(SEM-8), Page 7.0 Total								
35	7.2		Property Tax Expense - REVISED	(306,725)	-	494,606	(SEM-8), Page 7.0 Total								
36	7.3		Production Tax Credit - REVISED	(108,625)	-	175,162	(SEM-8), Page 7.0 Total								
37	7.4		PowerTax ADIT Balance - REVISED	-	9,507,727	1,119,205	(SEM-8), Page 7.0 Total								
38	7.5		WA Low Income Tax Credit	12,289	-	(19,816)	(SEM-8), Page 7.0 Total								
39	7.6		Flow-Through Adjustment	(2,123,178)	(2,260,168)	3,157,651	(SEM-8), Page 7.0/7.0.1 Total								
40	7.7		Remove Deferred State Tax Expense & Balance - REVISED	139,106	(78)	(224,323)	(SEM-8), Page 7.0.1 Total								
41	7.8		WA Public Utility Tax Adjustment	(182,112)	-	293,662	(SEM-8), Page 7.0.1 Total								
42	7.9		AFUDC Equity	(1,353)	-	2,183	(SEM-8), Page 7.0.1 Total								
Tab 7 - Tax- Subtotal				(2,319,032)	7,247,481	4,592,670									
45	8.1		Jim Bridger Mine Rate Base	-	27,838,518	3,277,021	(SEM-8), Page 8.0 Total								
46	8.2		Environmental Remediation	(434,575)	(849,177)	600,808	(SEM-8), Page 8.0 Total								
47	8.3		Customer Advances for Construction	-	(997,745)	(117,450)	(SEM-8), Page 8.0 Total								
48	8.4		Pro Forma Major Plant Additions - REVISED	(1,209,293)	20,028,447	4,307,688	(SEM-8), Page 8.0 Total								
49	8.5		Miscellaneous Rate Base	-	(23,631,671)	(2,781,811)	(SEM-8), Page 8.0 Total								
50	8.6		Removal of Colstrip #4 AFUDC	17,991	(342,058)	(69,276)	(SEM-8), Page 8.0.1 Total								
51	8.7		Trojan Unrecovered Plant	2,901	(277,124)	(37,300)	(SEM-8), Page 8.0.1 Total								
52	8.8		Customer Service Deposits	(2,831)	(3,272,583)	(380,668)	(SEM-8), Page 8.0.1 Total								
53	8.9		Misc. Asset Sales and Removals	-	210,870	24,823	(SEM-8), Page 8.0.1 Total								
54	8.10		Investor Supplied Working Capital	-	23,962,204	2,820,719	(SEM-8), Page 8.0.1 Total								
55	8.11		End-of-Period Plant Balances	-	27,245,532	3,207,217	(SEM-8), Page 8.0.1/8.0.2 Total								
56	8.12		Chehalis Regulatory Asset Adjustment	-	(1,861,470)	(219,124)	(SEM-8), Page 8.0.2 Total								
57	8.13		Idaho Asset Exchange	-	3,411,203	401,551	(SEM-8), Page 8.0.2 Total								
Tab 8 - Rate Base- Subtotal				(1,625,807)	71,464,947	11,034,199									
Subtotal Normalizing Adjustments				945,983	50,802,535	3,579,855									
Total Adjusted Results				54,596,940	832,123,601	9,039,075	(SEM-8) Page 1.0								

Notes:
 68 (1) The revenue requirement column is calculated using the Company's approved return on rate base of 7.30% and the NOI conversion factor of 62.014%.
 69 The development of these percentages can be found in Exhibit No. ____ (SEM-8) on pages 2.1 and 1.3 respectively.

**PacifiCorp
Rebuttal Summary
Washington Expedited Rate Filing
12 Months Ended June 2015**

		Exhibit No. (SEM-8)							
		Tab 3	Tab 4	Tab 5	Tab 6	Tab 7	Tab 8	Tab 9	
Washington Allocated Actual Results June 2015		Revenue Adjustments	O&M Adjustments	Net Power Cost Adjustments	Depreciation & Amortization Adjustments	Tax Adjustments	Rate Base Adjustments	Production Factor	
1	Operating Revenues:								
2	General Business Revenues	336,867,108	(1,194,447)	(129,744,692)	-	-	-	-	
3	Interdepartmental	-	-	-	-	-	-	-	
4	Special Sales	13,422,783	-	(13,422,783)	-	-	-	-	
5	Other Operating Revenues	9,740,155	(419,729)	-	-	-	-	-	
6	Total Operating Revenues	360,030,046	(1,614,176)	(143,167,475)	-	-	-	-	
7									
8	Operating Expenses:								
9	Steam Production	67,493,070	(44,772)	(54,252,963)	-	-	-	-	
10	Nuclear Production	-	-	-	-	-	-	-	
11	Hydro Production	6,641,502	(18,302)	-	-	-	-	-	
12	Other Power Supply	81,408,339	251,166	(71,885,056)	-	-	-	-	
13	Transmission	31,030,201	(66,703)	(25,477,926)	-	-	-	-	
14	Distribution	11,025,297	31,614	(890)	-	-	-	-	
15	Customer Accounting	5,916,884	389,101	-	-	-	-	-	
16	Customer Service & Info	12,294,037	(11,538,556)	-	-	-	-	-	
17	Sales	-	-	-	-	-	-	-	
18	Administrative & General	9,604,908	14,292	(3,744)	-	-	456,622	-	
19	Total O&M Expenses	225,414,237	(66,703)	(10,982,477)	(151,620,580)	-	456,622	-	
20	Depreciation	44,144,438	(132,826)	(626,873)	10,415,431	-	1,863,915	-	
21	Amortization	4,714,285	-	(214,514)	43,669	-	-	-	
22	Taxes Other Than Income	21,184,678	-	(39,453)	-	733,151	-	-	
23	Income Taxes - Federal	8,322,675	(541,624)	3,886,412	3,110,032	(559,529)	(398,191)	(655,027)	
24	Income Taxes - State	-	-	-	-	-	-	-	
25	Income Taxes - Def Net	2,604,141	1,144	150,268	(3,045,719)	1,984,072	(44,057)	-	
26	Investment Tax Credit Adj.	-	-	-	-	-	-	-	
27	Misc Revenue & Expense	(5,365)	(2,990)	11,268	-	-	4,355	-	
28	Total Operating Expenses:	306,379,090	(610,173)	(7,217,623)	(149,241,121)	6,853,852	2,319,032	1,625,807	
29									
30	Operating Rev For Return:	53,650,957	(1,004,003)	7,217,623	6,073,646	(6,853,852)	(2,319,032)	(1,625,807)	
31									
32	Rate Base:								
33	Electric Plant In Service	1,711,240,085	-	(29,983,300)	-	-	126,585,158	-	
34	Plant Held for Future Use	424,723	-	-	-	-	-	-	
35	Misc Deferred Debits	10,635,421	-	-	-	-	(10,238,300)	-	
36	Elec Plant Acq Adj	-	-	-	-	-	-	-	
37	Nuclear Fuel	-	-	-	-	-	-	-	
38	Prepayments	1,753,737	-	-	-	-	(1,753,737)	-	
39	Fuel Stock	6,572,936	-	-	-	-	(6,572,936)	-	
40	Material & Supplies	7,344,634	-	-	-	-	(7,344,634)	-	
41	Working Capital	2,150,960	-	-	-	-	21,811,244	-	
42	Weatherization	1,840,890	-	-	-	-	-	-	
43	Misc Rate Base	-	-	-	-	-	-	-	
44	Total Electric Plant:	1,741,963,386	-	(29,983,300)	-	-	122,486,795	-	
45									
46	Rate Base Deductions:								
47	Accum Prov For Deprec	(650,698,309)	-	19,141,691	(18,345,848)	-	(44,883,836)	-	
48	Accum Prov For Amort	(51,041,927)	-	214,480	(1,914,754)	-	-	-	
49	Accum Def Income Tax	(254,566,534)	1,006	1,590,607	1,388,465	7,247,481	(2,772,114)	-	
50	Unamortized ITC	(107,192)	-	411	-	-	-	-	
51	Customer Adv For Const	25,235	-	-	-	-	(997,745)	-	
52	Customer Service Deposits	-	-	-	-	-	(3,272,583)	-	
53	Misc Rate Base Deductions	(4,253,593)	(2,651)	-	-	-	904,429	-	
54									
55	Total Rate Base Deductions	(960,642,319)	(1,645)	20,947,190	(18,872,137)	7,247,481	(51,021,848)	-	
56									
57	Total Rate Base:	781,321,066	(1,645)	(9,036,110)	(18,872,137)	7,247,481	71,464,947	-	
58									
59	Return on Equity	8.62%	-0.26%	1.88%	1.77%	-1.48%	-0.73%	-1.56%	0.00%
60	Price Change	5,459,221	1,618,800	(11,638,699)	(10,857,681)	8,830,564	4,592,670	11,034,199	-
61									
62	TAX CALCULATION:								
63	Operating Revenue	64,577,772	(1,544,483)	11,104,035	9,333,946	(10,459,100)	(733,151)	(2,324,892)	-
64	Other Deductions	-	-	-	-	-	-	-	-
65	Interest (AFUDC)	(2,382,085)	-	-	-	-	(3,867)	-	-
66	Interest	21,200,191	-	-	-	-	718,760	-	-
67	Schedule "M" Additions	64,495,489	-	(52,188)	8,860,445	-	1,392,994	-	-
68	Schedule "M" Deductions	72,317,680	3,015	395,953	-	-	939,607	-	-
69	Income Before Tax	37,937,475	(1,547,497)	11,104,035	8,885,804	(1,598,655)	(1,448,044)	(1,871,505)	-
70									
71	State Income Taxes	-	-	-	-	-	-	-	-
72	Taxable Income	37,937,475	(1,547,497)	11,104,035	8,885,804	(1,598,655)	(1,448,044)	(1,871,505)	-
73									
74	Federal Income Taxes + Other	8,322,675	(541,624)	3,886,412	3,110,032	(559,529)	(398,191)	(655,027)	-

**PacifiCorp
Rebuttal Summary
Washington Expedited Rate Filing
12 Months Ended June 2015**

	<u>Total Tabs 3-9</u>		<u>Washington Normalized Results</u>
	<u>Normalizing Adjustments</u>		
1 Operating Revenues:			
2 General Business Revenues	(130,939,139)	205,927,969	
3 Interdepartmental	-	-	
4 Special Sales	(13,422,783)	-	
5 Other Operating Revenues	(419,729)	9,320,426	
6 Total Operating Revenues	<u>(144,781,651)</u>	<u>215,248,395</u>	
7			
8 Operating Expenses:			
9 Steam Production	(54,297,735)	13,195,334	
10 Nuclear Production	-	-	
11 Hydro Production	(18,302)	6,623,200	
12 Other Power Supply	(71,633,890)	9,774,449	
13 Transmission	(25,611,650)	5,418,552	
14 Distribution	30,723	11,056,020	
15 Customer Accounting	389,101	6,305,985	
16 Customer Service & Info	(11,538,556)	755,481	
17 Sales	-	-	
18 Administrative & General	467,170	10,072,078	
19 Total O&M Expenses	(162,213,139)	63,201,099	
20 Depreciation	11,519,646	55,664,084	
21 Amortization	(170,845)	4,543,441	
22 Taxes Other Than Income	693,698	21,878,376	
23 Income Taxes - Federal	4,842,073	13,164,748	
24 Income Taxes - State	-	-	
25 Income Taxes - Def Net	(954,292)	1,649,849	
26 Investment Tax Credit Adj.	-	-	
27 Misc Revenue & Expense	12,634	7,269	
28 Total Operating Expenses:	<u>(146,270,225)</u>	<u>160,108,865</u>	
29			
30 Operating Rev For Return:	<u>1,488,574</u>	<u>55,139,530</u>	
31			
32 Rate Base:			
33 Electric Plant In Service	96,601,858	1,807,841,943	
34 Plant Held for Future Use	-	424,723	
35 Misc Deferred Debits	(10,238,300)	397,121	
36 Elec Plant Acq Adj	-	-	
37 Nuclear Fuel	-	-	
38 Prepayments	(1,753,737)	(0)	
39 Fuel Stock	(6,572,936)	0	
40 Material & Supplies	(7,344,634)	0	
41 Working Capital	21,811,244	23,962,204	
42 Weatherization	-	1,840,890	
43 Misc Rate Base	-	-	
44 Total Electric Plant:	<u>92,503,495</u>	<u>1,834,466,881</u>	
45			
46 Rate Base Deductions:			
47 Accum Prov For Deprec	(44,087,992)	(694,786,301)	
48 Accum Prov For Amort	(1,700,274)	(52,742,201)	
49 Accum Def Income Tax	7,455,445	(247,111,089)	
50 Unamortized ITC	411	(106,780)	
51 Customer Adv For Const	(997,745)	(972,510)	
52 Customer Service Deposits	(3,272,583)	(3,272,583)	
53 Misc Rate Base Deductions	901,777	(3,351,815)	
54			
55 Total Rate Base Deductions	<u>(41,700,960)</u>	<u>(1,002,343,280)</u>	
56			
57 Total Rate Base:	<u>50,802,535</u>	<u>832,123,601</u>	
58			
59 Return on Equity		8.13%	
60 Price Change	3,579,855	9,039,075	
61			
62 TAX CALCULATION:			
63 Operating Revenue	5,376,355	69,954,127	
64 Other Deductions			
65 Interest (AFUDC)	(3,867)	(2,385,952)	
66 Interest	718,760	21,918,951	
67 Schedule "M" Additions	10,201,251	74,696,740	
68 Schedule "M" Deductions	1,338,575	73,656,255	
69 Income Before Tax	<u>13,524,138</u>	<u>51,461,613</u>	
70			
71 State Income Taxes	-	-	
72 Taxable Income	<u>13,524,138</u>	<u>51,461,613</u>	
73			
74 Federal Income Taxes + Other	<u>4,842,073</u>	<u>13,164,748</u>	